

## The complaint

Mr L's complaint is, in essence, that Clydesdale Financial Services Limited trading as Barclays Partner Finance ('BPF') acted unfairly and unreasonably by (1) being party to an unfair credit relationship with him under Section 140A of the Consumer Credit Act 1974 (as amended) (the 'CCA') and (2) deciding against paying a claim under Section 75 of the CCA.

## Background to the Complaint

Mr L, together with his wife Mrs L, was the member of a timeshare provider (the 'Supplier') – having purchased a number of products from it over time. But the product at the centre of this complaint is their membership of a timeshare that I'll call the 'Signature Collection' – which they bought on 11 June 2017 (the 'Time of Sale'). They entered into an agreement with the Supplier to buy 1,420 fractional points at a cost of £14,620 (the 'Purchase Agreement').

Signature Collection membership was asset backed – which meant it gave Mr and Mrs L more than just holiday rights. It also included a share in the net sale proceeds of a property named on the Purchase Agreement (the 'Allocated Property') after their membership term ends.

Mr and Mrs L paid for their Signature Collection membership by taking finance of £25,048 from BPF in Mr L's sole name (the 'Credit Agreement'). Some of the loan funds were used to settle an existing loan taken with BPF to fund the purchase of their previous membership with the Supplier.

As only Mr L was named on the Credit Agreement, only he is able to refer a complaint about it to our Service. For ease I will refer to Mr L only from here on, even where he and Mrs L may have been acting jointly or the matter might otherwise apply to Mrs L in some way.

Mr L – using a professional representative (the 'PR') – wrote to BPF on 17 January 2024 (the 'Letter of Complaint') to raise a number of different concerns. As those concerns haven't changed since they were first raised, and as both sides are familiar with them, it isn't necessary to repeat them in detail here beyond the summary above.

BPF did not respond to Mr L's complaint, so it was referred to the Financial Ombudsman Service. One of our Investigators assessed the complaint and concluded that it should not be upheld.

Mr L disagreed with the Investigator's assessment and asked for an Ombudsman's decision, so it was passed to me.

I considered the matter and issued a provisional decision (the 'PD'). In that decision, I said:

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. And having done that, I do not think this complaint should be upheld.

However, before I explain why, I want to make it clear that my role as an Ombudsman is not to address every single point that has been made to date. Instead, it is to decide what is fair and reasonable in the circumstances of this complaint. So, if I have not commented on, or referred to, something that either party has said, that does not mean I have not considered it.

### **Section 75 of the CCA: the Supplier's misrepresentations at the Time of Sale**

As both sides may already know, a claim against BPF under Section 75 essentially mirrors the claim Mr L could make against the Supplier. Certain conditions must be met if this protection is engaged – which are set out in the CCA. BPF does not dispute that the relevant conditions are met in this complaint, and I'm satisfied that they are.

There are, though, certain time limits that apply – and I think these mean Mr L's claim would've been time-barred.

The Limitation Act 1980 sets out limitation periods, or time limits, for bringing various types of legal claim. For a claim based on contract, it's not generally possible to start court action more than six years after the cause of action arose. If a claim is brought too late, the respondent is likely to have a complete defence to the claim on that basis.

For claims relating to misrepresentation, the time limit would typically be six years from the date the claimant suffers damage as a result of the misrepresentation. For example, entering into a contract – and incurring liabilities – when they would otherwise not have done.

Mr L's claim under Section 75 is that but for the Supplier's various alleged misrepresentations, he wouldn't have entered into the Purchase Agreement (and, therefore, the Credit Agreement). So it is the date on which he entered into those agreements that his cause of action arose, meaning he had six years from that date within which to bring this claim.

Mr L entered into the Purchase Agreement and Credit Agreement on 11 June 2017. He raised his claim under Section 75 within the Letter of Complaint dated 17 January 2024 – more than six years later.

That being the case, I don't think BPF acted unfairly or unreasonably in declining the claim. However, I have later considered whether these alleged misrepresentations could have been something that caused any unfairness in Mr L's credit relationship with BPF.

### **Section 75 of the CCA: the Supplier's Breach of Contract**

I have already summarised how Section 75 of the CCA works and why it gives consumers a right of recourse against a lender. So, it is not necessary to repeat that here other than to say that, if I find that the Supplier is liable for having breached the Purchase Agreement, BPF is also liable.

I've gone on to consider whether there would be any additional time within which Mr L could raise a claim under Section 75 for breach of contract, given that his cause of action may have accrued in a different way and therefore at a different point in time.

While not explicitly referenced as such in the Letter of Complaint, some of Mr L's points could reasonably be interpreted as an allegation of a breach of contract by the

Supplier. Most notably, that he could not access the holidays that he was led to believe would be available through the membership. On my reading of the complaint, Mr L considers that the Supplier was not living up to its end of the bargain and had breached the Purchase Agreement. His cause of action would therefore accrue when any such breach occurred, i.e. when he was unable to holiday, either when or where he wanted.

Mr L has not provided us with the dates of any attempts to book holidays through the membership at the centre of this complaint that ended up falling short of his expectations. So it is hard for me to ascertain when his cause of action arose. But even accepting that this claim was made in time, which is possible given the relevant dates here, I don't think it would've been unreasonable for BPF to decline it.

I say this because the evidence I've seen so far doesn't persuade me that the Supplier breached the terms of the Purchase Agreement. In addition to the vague nature of the allegations as I've described above, like any holiday accommodation, availability was not unlimited – given the higher demand at peak times, like school holidays, for instance. Some of the sales paperwork signed by Mr L states that the availability of holidays was subject to demand. Even if I accept that he may not have been able to take certain holidays, I don't think this necessarily amounts to a breach of the terms of the Purchase Agreement.

So, from the evidence I have seen, I do not think BPF is liable to pay Mr L any compensation for a breach of contract by the Supplier. And with that being the case, I do not think BPF acted unfairly or unreasonably in relation to this aspect of the complaint either.

#### **Section 140A of the CCA: did BPF participate in an unfair credit relationship?**

Having considered the entirety of the credit relationship between Mr L and BPF along with all of the circumstances of the complaint, I don't think the credit relationship between them was likely to have been rendered unfair for the purposes of Section 140A. When coming to that conclusion, and in carrying out my analysis, I have looked at:

1. The standard of the Supplier's commercial conduct – which includes its sales and marketing practices at the Time of Sale along with any relevant training material;
2. The provision of information by the Supplier at the Time of Sale in relation to Signature Collection membership, including the contractual documentation and disclaimers made by the Supplier;
3. Evidence provided by both parties on what was likely to have been said and/or done at the Time of Sale;
4. The inherent probabilities of the sale given its circumstances; and, when relevant
5. Any existing unfairness from a related credit agreement.

I have then considered the impact of these on the fairness of the credit relationship between Mr L and BPF given his circumstances at the Time of Sale.

#### **The Supplier's sales & marketing practices at the Time of Sale**

I have firstly considered whether the misrepresentations Mr L alleges were made by the Supplier in the context of his Section 75 claim could have caused any unfairness for the purposes of Section 140A.

In the Letter of Complaint, the PR said that the Signature Collection membership was

misrepresented by the Supplier as an investment, through which Mr L would have a share of a property that would increase in value. As I'll come on to in more detail below, I consider that the acquisition of a share in the Allocated Property did amount to an investment – as it offered the prospect of a financial return. Presenting the timeshare as an investment would not, therefore, have amounted to a misrepresentation – albeit there are other considerations when it comes to the marketing and selling of a timeshare contract as an investment that I explore below.

The amount of money Mr L receives on his investment will only be known after the membership term ends, when the Allocated Property is sold. So even if I were to accept that any such comments were made by the Supplier in this regard (and I make no firm finding on that), I cannot say they would amount to a misrepresentation as there is no evidence that this was not simply the salesperson's honestly held opinion.

The Letter of Complaint also stated that Mr L was led believe that he "*would have access to the holiday apartments at any time all around the year*". I understand this to mean that Mr L thought he would be able to stay at the Allocated Property whenever he wanted, which was not the case. The Purchase Agreement that Mr L signed explained this clearly. I find it unlikely that the Supplier would've made promises of the type suggested in the Letter of Complaint.

So, while I recognise that Mr L and the PR have concerns about the way in which Signature Collection membership was sold by the Supplier, I do not think this caused any unfairness in Mr L's credit relationship with BPF such that it warrants a remedy.

Turning to the points specifically raised in relation to the potential unfairness of the relationship between Mr L and BPF, the PR said in the Letter of Complaint that the right checks weren't carried out before BPF lent to Mr L. I haven't seen anything to persuade me that was the case in this complaint given its circumstances. But even if I were to find that BPF failed to do everything it should have when it agreed to lend (and I make no such finding), I would have to be satisfied that the money lent to Mr L was actually unaffordable before also concluding that he lost out as a result and then consider whether the credit relationship with BPF was unfair to him for this reason. But from the information provided, I am not satisfied that the lending was unaffordable for Mr L.

Connected to this is the suggestion by the PR that the Credit Agreement was arranged by an unauthorised credit broker, the upshot of which is to suggest that BPF wasn't permitted to enforce the Credit Agreement. However, it looks to me like Mr L knew, amongst other things, how much he was borrowing and repaying each month, who he was borrowing from and that he was borrowing money to pay for Signature Collection membership. And as the lending doesn't look like it was unaffordable for him, even if the Credit Agreement was arranged by a broker that didn't have the necessary permission to do so (which I make no formal finding on), I can't see why that led to Mr L suffering a financial loss, such that I can say that the credit relationship in question was unfair on him as a result. And with that being the case, I'm not persuaded that it would be fair or reasonable to tell BPF to compensate him, even if the loan wasn't arranged properly.

The PR also says that Mr L was rushed into signing the contractual paperwork at the end of a long sales meeting, without having sufficient time to properly consider the implications of the agreement into which he was entering. I acknowledge and appreciate that Mr L may have felt weary after a sales process that went on for a long time. But he has said little about what was said and/or done by the Supplier during the sales presentation that made him feel as if he had no choice but to purchase Signature

Collection membership when he simply did not want to. He was also given a 14-day cooling off period and he has not provided a credible explanation for why he did not cancel the membership during that time. And with all of that being the case, there is insufficient evidence to demonstrate that Mr L made the decision to purchase Signature Collection membership because his ability to exercise that choice was significantly impaired by pressure from the Supplier.

The PR has also suggested that one or more of the contract terms in the Purchase Agreement are unfair. But as I can't see that any such terms were operated unfairly against Mr L in practice, nor that any such terms led them to behave in a certain way to their detriment, I'm not persuaded that any of the terms governing Signature Collection membership are likely to have led to an unfairness that warrants a remedy.

Overall, therefore, I don't think that Mr L's credit relationship with BPF was rendered unfair to him under Section 140A for any of the reasons above. But there is another reason, perhaps the main reason, why the PR says the credit relationship with BPF was unfair to him. And that's the suggestion that Signature Collection membership was marketed and sold to him as an investment in breach of prohibition against selling timeshares in that way.

#### The Supplier's alleged breach of Regulation 14(3) of the Timeshare Regulations

BPF does not dispute, and I am satisfied, that Mr L's Signature Collection membership met the definition of a "timeshare contract" and was a "regulated contract" for the purposes of the Timeshare Regulations.

Regulation 14(3) of the Timeshare Regulations prohibited the Supplier from marketing or selling Signature Collection membership as an investment. This is what the provision said at the Time of Sale:

*"A trader must not market or sell a proposed timeshare contract or long-term holiday product contract as an investment if the proposed contract would be a regulated contract."*

But the PR says that the Supplier did exactly that at the Time of Sale – saying, in summary, that Mr L was told by the Supplier that Signature Collection membership was the type of investment that would only increase in value.

The term "investment" is not defined in the Timeshare Regulations. But for the purposes of this provisional decision, and by reference to the decided authorities, an investment is a transaction in which money or other property is laid out in the expectation or hope of financial gain or profit.

A share in the Allocated Property clearly constituted an investment as it offered Mr L the prospect of a financial return – whether or not, like all investments, that was more than what he first put into it. But it is important to note at this stage that the fact that Signature Collection membership included an investment element did not, itself, transgress the prohibition in Regulation 14(3). That provision prohibits the *marketing and selling* of a timeshare contract as an investment. It doesn't prohibit the mere existence of an investment element in a timeshare contract or prohibit the marketing and selling of such a timeshare contract *per se*.

In other words, the Timeshare Regulations did not ban products such as the Signature Collection. They just regulated how such products were marketed and sold.

To conclude, therefore, that Signature Collection membership was marketed or sold to Mr L as an investment in breach of Regulation 14(3), I have to be persuaded that it was more likely than not that the Supplier marketed and/or sold membership to him as an investment, i.e. told him or led him to believe that Signature Collection membership offered him the prospect of a financial gain (i.e., a profit) given the facts and circumstances of *this* complaint.

There is competing evidence in this complaint as to whether Signature Collection membership was marketed and/or sold by the Supplier at the Time of Sale as an investment in breach of regulation 14(3) of the Timeshare Regulations.

On the one hand, it is clear that the Supplier made efforts to avoid specifically describing membership of the Signature Collection as an 'investment' or quantifying to prospective purchasers, such as Mr L, the financial value of their share in the net sales proceeds of the Allocated Property along with the investment considerations, risks and rewards attached to them.

On the other hand, I acknowledge that the Supplier's sales process left open the possibility that the sales representative may have positioned Signature Collection membership as an investment. So, I accept that it's equally possible that Signature Collection membership was marketed and sold to Mr L as an investment in breach of Regulation 14(3).

However, whether or not there was a breach of the relevant prohibition by the Supplier is not ultimately determinative of the outcome in this complaint for reasons I will come on to shortly. And with that being the case, it's not necessary to make a formal finding on that particular issue for the purposes of this decision.

Would the credit relationship between BPF and Mr L have been rendered unfair to him had there been a breach of Regulation 14(3) of the Timeshare Regulations?

Having found that it was possible that the Supplier breached Regulation 14(3) of the Timeshare Regulations at the Time of Sale, I now need to consider what impact that breach had on the fairness of the credit relationship between Mr L and BPF under the Credit Agreement and related Purchase Agreement as the case law on Section 140A makes it clear that regulatory breaches do not automatically create unfairness for the purposes of that provision. Such breaches and their consequences (if there are any) must be considered in the round, rather than in a narrow or technical way.

Indeed, it seems to me that, if I am to conclude that a breach of Regulation 14(3) led to a credit relationship between Mr L and BPF that was unfair to him and warranted relief as a result, whether the Supplier's breach of Regulation 14(3) led him to enter into the Purchase Agreement and the Credit Agreement is an important consideration.

To help me decide this point, I've carefully considered what Mr L has said in the course of his complaint about how the membership was sold to him and his motivation for purchasing it.

I would note first of all that the evidence in this respect is quite limited. Within the Letter of Complaint, it is said that Mr L was told that she had purchased an investment that would increase in value. There was no further detail underpinning these statements within the Letter of Complaint, which are rather generic in nature. In fact, such assertions have been made in an identical fashion by the PR in a number of other complaints.

When referring the complaint to us, the PR included a statement from Mr L with his recollections from the Time of Sale and, in response to our Investigator's assessment, highlighted that within this he said:

*"The discussion after the presentation was focused on the fact that we would be having regular holidays to either Spain or Tenerife which we could enjoy and even pass on to our families for years to come, whilst also investing in a property that would be sold and we would receive our money back plus a share of the profits."*

And:

*"Again we were pestered to make a quick decision on the opportunity to upgrade to the Signature Collection as they were a new option that offered more return in both investment value and time and these chances did not come along often."*

While these comments – the first of which relates to Mr L's purchase of previous membership – support the allegation that the Supplier marketed its products as an investment opportunity, I do not think they say much about the part this played in Mr L's purchasing decisions.

I am also mindful that Mr L's purchase of the Signature Collection was an upgrade from his existing membership – one that offered him access to a higher standard of accommodation, along with other benefits including a preferential right to stay in the Allocated Property and he significantly increased the number of points he held with which to purchase holidays. And, to my mind, Mr L's statement suggests this was a significant factor in his decision to purchase Signature Collection membership:

*"A big part of the discussion after the viewing was how our previous purchase would not meet our holiday expectations as 800 points would only provide a single weeks holiday but by upgrading to the Signature Collection (1420 points), which we could then utilize on a similar standard accommodation to Sunningdale Village but gain an additional weeks holiday in locations in Turkey and the USA."*

The limited comments Mr L has provided about the Supplier's marketing of the membership as an investment opportunity do not lead me to think that this element of it was a material factor on his decision to proceed. On balance, I think the additional points and the benefits they offered him would always have motivated him to upgrade in the way he did.

On my reading of the evidence before me, therefore, I am not persuaded that the prospect of a financial gain from Signature Collection membership was an important and motivating factor when Mr L decided to go ahead with his purchase. That's not to say he wasn't interested in a share in the Allocated Property. After all, that wouldn't be surprising given the nature of the product at the centre of this complaint. But as Mr L himself doesn't persuade me that his purchase was motivated by his share in the Allocated Property and the possibility of a profit, I don't think a breach of Regulation 14(3) by the Supplier was likely to have been material to the decision Mr L ultimately made.

On balance, therefore, even if the Supplier had marketed or sold the Signature Collection membership as an investment in breach of Regulation 14(3) of the Timeshare Regulations, I am not persuaded that Mr L's decision to purchase Signature

Collection membership at the Time of Sale was motivated by the prospect of a financial gain (i.e., a profit). On the contrary, I think the evidence suggests he would have pressed ahead with their purchase whether or not there had been a breach of Regulation 14(3). And for that reason, I do not think the credit relationship between Mr L and BPF was unfair to him even if the Supplier breached Regulation 14(3).

#### The Provision of Information by the Supplier at the Time of Sale

The PR says that a payment of commission from BPF to the Supplier at the Time of Sale should lead me to uphold this complaint because, simply put, information in relation to that payment went undisclosed at the Time of Sale.

As both sides already know, the Supreme Court handed down an important judgment on 1 August 2025 in a series of cases concerned with the issue of commission: *Johnson v FirstRand Bank Ltd, Wrench v FirstRand Bank Ltd and Hopcraft v Close Brothers Ltd [2025] UKSC 33* ('Hopcraft, Johnson and Wrench').

The Supreme Court ruled that, in each of the three cases, the commission payments made to car dealers by lenders were legal, as claims for the tort of bribery, or the dishonest assistance of a breach of fiduciary duty, had to be predicated on the car dealer owing a fiduciary duty to the consumer, which the car dealers did not owe. A "disinterested duty", as described in *Wood v Commercial First Business Ltd & ors and Business Mortgage Finance 4 plc v Pengelly [2021] EWCA Civ 471*, is not enough.

However, the Supreme Court held that the credit relationship between the lender and Mr Johnson was unfair under Section 140A of the CCA because of the commission paid by the lender to the car dealer. The main reasons for coming to that conclusion included, amongst other things, the following factors:

1. The size of the commission (as a percentage of the total charge for credit). In Mr Johnson's case it was 55%. This was "so high" and "a powerful indication that the relationship...was unfair" (see paragraph 327);
2. The failure to disclose the commission; and
3. The concealment of the commercial tie between the car dealer and the lender.

The Supreme Court also confirmed that the following factors, in what was a non-exhaustive list, will normally be relevant when assessing whether a credit relationship was/is unfair under Section 140A of the CCA:

1. The size of the commission as a proportion of the charge for credit;
2. The way in which commission is calculated (a discretionary commission arrangement, for example, may lead to higher interest rates);
3. The characteristics of the consumer;
4. The extent of any disclosure and the manner of that disclosure (which, insofar as Section 56 of the CCA is engaged, includes any disclosure by a supplier when acting as a broker); and
5. Compliance with the regulatory rules.

From my reading of the Supreme Court's judgment in *Hopcraft, Johnson and Wrench*, it sets out principles which apply to credit brokers other than car dealer-credit brokers. So, when considering allegations of undisclosed payments of commission like the one in this complaint, *Hopcraft, Johnson and Wrench* is relevant law that I'm required to consider under Rule 3.6.4 of the Financial Conduct Authority's Dispute Resolution Rules ('DISP').

But I don't think *Hopcraft, Johnson and Wrench* assists Mr L in arguing that his credit relationship with BPF was unfair to him for reasons relating to commission given the facts and circumstances of this complaint.

I haven't seen anything to suggest that BPF and Supplier were tied to one another contractually or commercially in a way that wasn't properly disclosed to Mr L, nor have I seen anything that persuades me that the commission arrangement between them gave the Supplier a choice over the interest rate that led Mr L into a credit agreement that cost disproportionately more than it otherwise could have.

I acknowledge that it's possible that BPF and the Supplier failed to follow the regulatory guidance in place at the Time of Sale insofar as it was relevant to disclosing the commission arrangements between them.

But as I've said before, the case law on Section 140A makes it clear that regulatory breaches do not automatically create unfairness for the purposes of that provision. Such breaches and their consequences (if there are any) must be considered in the round, rather than in a narrow or technical way. And with that being the case, it isn't necessary to make a formal finding on that because, even if BPF and the Supplier failed to follow the relevant regulatory guidance at the Time of Sale, it is for the reasons set out below that I don't currently think any such failure is itself a reason to find the credit relationship in question unfair to Mr L.

In stark contrast to the facts of Mr Johnson's case, the amount of commission paid by BPF to the Supplier for arranging the Credit Agreement that Mr L entered into wasn't high. At £626.20, it was only 2.5% of the amount borrowed and even less than that (2.32%) as a proportion of the charge for credit. So, had he known at the Time of Sale that the Supplier was going to be paid a flat rate of commission at that level, I'm not currently persuaded that he either wouldn't have understood that or would have otherwise questioned the size of the payment at that time. After all, Mr L wanted Signature Collection membership and had no obvious means if his own to pay for it. And at such a low level, the impact of commission on the cost of the credit he needed for a timeshare he wanted doesn't strike me as disproportionate. So, I think he would still have taken out the loan to fund his purchase at the Time of Sale had the amount of commission been disclosed.

What's more, based on what I've seen so far, the Supplier's role as a credit broker wasn't a separate service and distinct from its role as the seller of timeshares. It was simply a means to an end in the Supplier's overall pursuit of a successful timeshare sale. I can't see that the Supplier gave an undertaking – either expressly or impliedly – to put to one side its commercial interests in pursuit of that goal when arranging the Credit Agreement. And as it wasn't acting as an agent of Mr L but as the supplier of contractual rights he obtained under the Purchase Agreement, the transaction doesn't strike me as one with features that suggest the Supplier had an obligation of 'loyalty' to him when arranging the Credit Agreement and thus a fiduciary duty.

Overall, therefore, I'm not currently persuaded that the commission arrangements between the Supplier and BPF were likely to have led to a sufficiently extreme inequality of knowledge that rendered the credit relationship unfair to Mr L.

#### Section 140A: Conclusion

Given all of the factors I've looked at in this part of my decision, and having taken all of them into account, I'm not persuaded that the credit relationship between Mr L and

BPF under the Credit Agreement and related Purchase Agreement was unfair to him. And as things currently stand, I don't think it would be fair or reasonable that I uphold this complaint on that basis.

### **Commission: The Alternative Grounds of Complaint**

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While I've found that Mr L's credit relationship with BPF wasn't unfair to him for reasons relating to the commission arrangements between it and the Supplier, two of the grounds on which I came to that conclusion also constitute separate and freestanding complaints to Mr L's complaint about an unfair credit relationship. So, for completeness, I've considered those grounds on that basis here.

The first ground relates to whether BPF is liable for the dishonest assistance of a breach of fiduciary duty by the Supplier because it took a payment of commission from BPF without telling Mr L (i.e., secretly). And the second relates to BPF's compliance with the regulatory guidance in place at the Time of Sale insofar as it was relevant to disclosing the commission arrangements between them.

However, for the reasons I set out above, I'm not persuaded that the Supplier – when acting as credit broker – owed Mr L a fiduciary duty. So, the remedies that might be available at law in relation to the payment of secret commission aren't, in my view, available to him. And while it's possible that BPF failed to follow the regulatory guidance in place at the Time of Sale insofar as it was relevant to disclosing the commission arrangements between it and the Supplier, I don't think any such failure on BPF's part is itself a reason to uphold this complaint because, for the reasons I also set out above, I think he would still have taken out the loan to fund his purchase at the Time of Sale had there been more adequate disclosure of the commission arrangements that applied at that time.

In conclusion, given the facts and circumstances of this complaint, I did not think that BPF acted unfairly or unreasonably when it dealt with Mr L's Section 75 claim, and I was not persuaded that BPF was party to a credit relationship with him under the Credit Agreement that was unfair to him for the purposes of Section 140A of the CCA. And having taken everything into account, I could see no other reason why it would be fair or reasonable to direct BPF to compensate him.

BPF responded to the PD and accepted it.

The PR also responded. It did not accept the PD and provided some further comments it wanted me to take into account.

Having received the relevant responses from both parties, I'm now finalising my decision.

### **The legal and regulatory context**

In considering what is fair and reasonable in all the circumstances of the complaint, I am required under DISP 3.6.4R to take into account: relevant (i) law and regulations; (ii) regulators' rules, guidance and standards; and (iii) codes of practice; and (where appropriate), what I consider to have been good industry practice at the relevant time.

The legal and regulatory context that I think is relevant to this complaint is, in many ways, no different to that shared in several hundred published ombudsman decisions on very similar complaints – which can be found on the Financial Ombudsman Service's website. And with that being the case, it is not necessary to set out that context in detail here. But I would add that the following regulatory rules/guidance are also relevant:

The Consumer Credit Sourcebook ('CONC') – Found in the Financial Conduct Authority's (the 'FCA') Handbook of Rules and Guidance

Below are the most relevant provisions and/or guidance as they were at the relevant time:

- CONC 3.7.3 [R]
- CONC 4.5.3 [R]
- CONC 4.5.2 [G]

The FCA's Principles

The rules on consumer credit sit alongside the wider obligations of firms, such as the Principles for Businesses ('PRIN'). Set out below are those that are most relevant to this complaint:

- Principle 6
- Principle 7
- Principle 8

**What I've decided – and why**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Following the responses from both parties, I've considered the case afresh and having done so, I've reached the same decision as that which I outlined in my provisional findings, for broadly the same reasons.

Again, my role as an Ombudsman isn't to address every single point which has been made to date, but to decide what is fair and reasonable in the circumstances of this complaint. If I haven't commented on, or referred to, something that either party has said, this doesn't mean I haven't considered it.

Rather, I've focused here on addressing what I consider to be the key issues in deciding this complaint and explaining the reasons for reaching my final decision.

The PR's further comments in response to the PD only relate to the issue of whether the credit relationship between Mr L and BPF was unfair. In particular, the PR has provided further comments in relation to whether the membership was sold to Mr L as an investment at the Time of Sale.

As outlined in my PD, the PR originally raised various other points of complaint, all of which I addressed at that time. But it didn't make any further comments in relation to those in their response to my PD. Indeed, it hasn't said it disagrees with any of my provisional conclusions in relation to those other points. And since I haven't been provided with anything more in relation to those other points by either party, I see no reason to change my conclusions in relation to them as set out in my PD. So, I'll focus here on the PR's points raised in response.

**Section 140A of the CCA: did BPF participate in an unfair credit relationship?**

The PR has highlighted under Section 140B (9) of the CCA, the burden of proof falls on BPF to disprove the allegation that its relationship with Mr L was unfair. I agree that this is correct,

placing a burden on lenders during the process of litigation. That does not mean, though, that BPF – or I – should take a claim at face value. There remains an onus on Mr L to provide some evidence for the claim he is making, despite the overall burden of proof resting with BPF, as was set out in the judgment in *Smith and another v Royal Bank of Scotland plc* [2023] UKSC 34 at paragraph 40. I also remind both parties that it is my role to make findings on what I consider to be fair and reasonable in all the circumstances of any given complaint.

#### The Supplier's alleged breach of Regulation 14(3) of the Timeshare regulations

In its response to my PD, the PR has reasserted its view that the Supplier marketed the Signature Collection membership to Mr L as an investment and that this was a motivating factor in his decision.

I accepted in my PD that the membership may well have been marketed as an investment to Mr L in breach of the prohibition in Regulation 14(3) of the Timeshare Regulations. I also explained that while the Supplier's sales processes left open the possibility that the sales representative may have positioned Signature Collection membership as an investment, it wasn't necessary for me to make a finding on this as it is not determinative of the outcome of the complaint. I explained that regulatory breaches do not automatically create unfairness and that such breaches and their consequences (if there are any) must be considered in the round, rather than in a narrow or technical way. The PR's response to my PD hasn't changed my view of this, and so whether the Supplier's breach of Regulation 14(3) led Mr L to enter into the Purchase Agreement and the Credit Agreement remains an important consideration.

In my PD I explained the reasons why I didn't think any breach of Regulation 14(3) had led Mr L to proceed with his purchase. In short, I was not persuaded that his decision was motivated by the prospect of a financial gain (i.e., a profit). In reaching that view, I took into account the testimony given by Mr L in the course of his complaint. I recognise the PR has interpreted Mr L's testimony differently to how I have, and I have carefully considered its further comments. Ultimately though, they have not led me to a different conclusion.

The PR objects to the approach I've taken in assessing this aspect of the complaint, believing that I have detracted from the judgment in *Shawbrook & BPF v FOS*<sup>1</sup> and the case law that contributed to it, by requiring Mr L to have been "primarily or mainly motivated" by the investment element in order to uphold the complaint. But I did not make such a finding. I said that, in my view, Mr L was highly motivated by the additional points and the benefits that his upgrade to Signature Collection membership offered him – which was a factor in my overall conclusion in light of all the available evidence that he would, on balance, have pressed ahead with his purchase even if there had been a breach of Regulation 14(3).

So for the reasons given in my PD and above, I still do not think that any breach of Regulation 14(3), if there was one, was material to Mr L's decision to purchase the Signature Collection membership.

#### The provision of information by the Supplier at the Time of Sale

The PR highlights that the Supreme Court judgment on *Hopcraft, Johnson and Wrench* set out that it was not only the quantum of the commission that was a factor when considering the impact this may have had on the fairness of a borrower's relationship with a lender. I

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<sup>1</sup> R (on the application of Shawbrook Bank Ltd) v Financial Ombudsman Service Ltd and R (on the application of Clydesdale Financial Services Ltd (t/a Barclays Partner Finance)) v Financial Ombudsman Service [2023] EWHC 1069 (Admin) ('Shawbrook & BPF v FOS').

explained as much in my PD and set out why – in consideration of the various factors, including the commercial relationship between BPF and the Supplier and disclosure (or potential non-disclosure) of the relevant commission arrangements – I did not think any unfairness had arisen. I considered these matters not only as they pertained to the fairness of the credit relationship, but also as separate and freestanding complaints as well.

I was – and remain – satisfied that I have sufficient evidence on which to base my decision on this aspect of the complaint. And with no other comments or information on this point from the PR, I still do not think this is a reason to uphold the complaint.

#### Section 140A: conclusion

Given all of the factors I've looked at in this part of my decision, and having taken all of them into account, I'm not persuaded that the credit relationship between Mr L and BPF under the Credit Agreement and related Purchase Agreement was unfair to him. So, I don't think it is fair or reasonable that I uphold this complaint on that basis.

#### **Conclusion**

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In conclusion, given the facts and circumstances of this complaint, I do not think that BPF acted unfairly or unreasonably when it dealt with Mr L's Section 75 claim, and I am not persuaded that BPF was party to a credit relationship with him under the Credit Agreement that was unfair to him for the purposes of Section 140A of the CCA. And having taken everything into account, I see no other reason why it would be fair or reasonable to direct BPF to compensate him.

#### **My final decision**

For the reasons set out above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 24 February 2026.

Ben Jennings  
**Ombudsman**